



# Stormwater Rate FY 2012-2013

May 21, 2012



# Stormwater Enterprise Fund

- The fund is a true utility receiving no tax support.
- Expenses are funded by the fees (rates)
- Annual budget of ~\$11.4M, with 96 FTEs, including a new Billing Specialist and a Utility Account representative to enhance revenue collections
- CIP projects for FY13 address
  - Stormwater retrofit design and construction
  - Stormwater infrastructure improvements
  - Drainage repairs on City owned property and on private property
- Activities are requirements of the ***National Pollution Discharge Elimination System (NPDES) permit*** including state regulations.

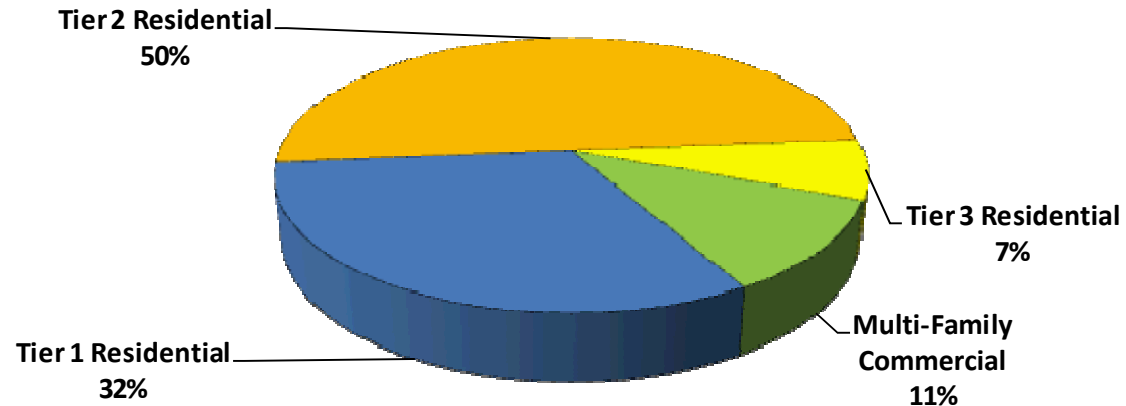


# Why is a Rate Increase Needed?

- Replacement of stormwater maintenance and street cleaning fleet vehicles that have outlived their economic and service lives.
- The addition of a new Billing Specialist and a new Utility Account Representative to increase revenue collections and improve customer service.
- Support for Capital Improvement Program (CIP) costs.
- Increased indirect and risk (insurance) costs.
- Increases in personnel services and benefits costs.

# Customers/Revenues by Tier

**62,560 Customer Accounts**

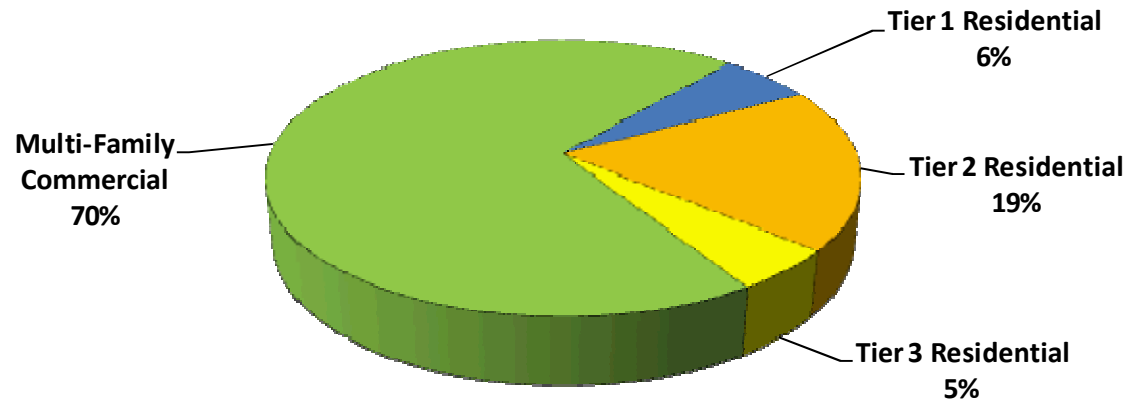


89% of Customers are Residential

Rate revenues are 70% Multi-Family and Commercial

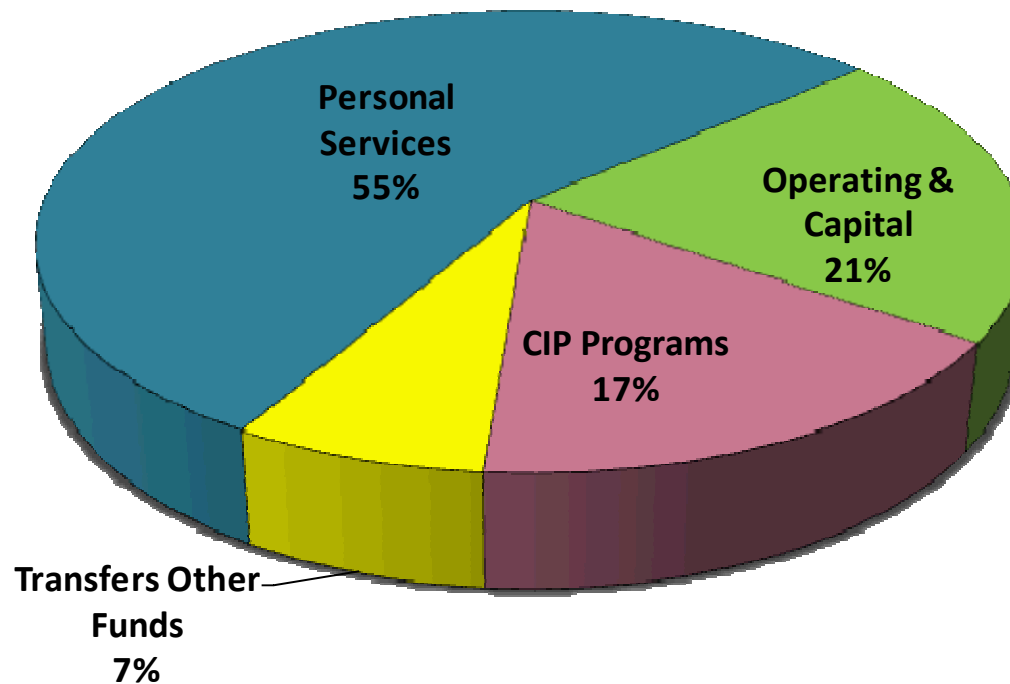
Revenues are reflective of impervious area ownership in the City

## \$10.8M Rate Revenue Source

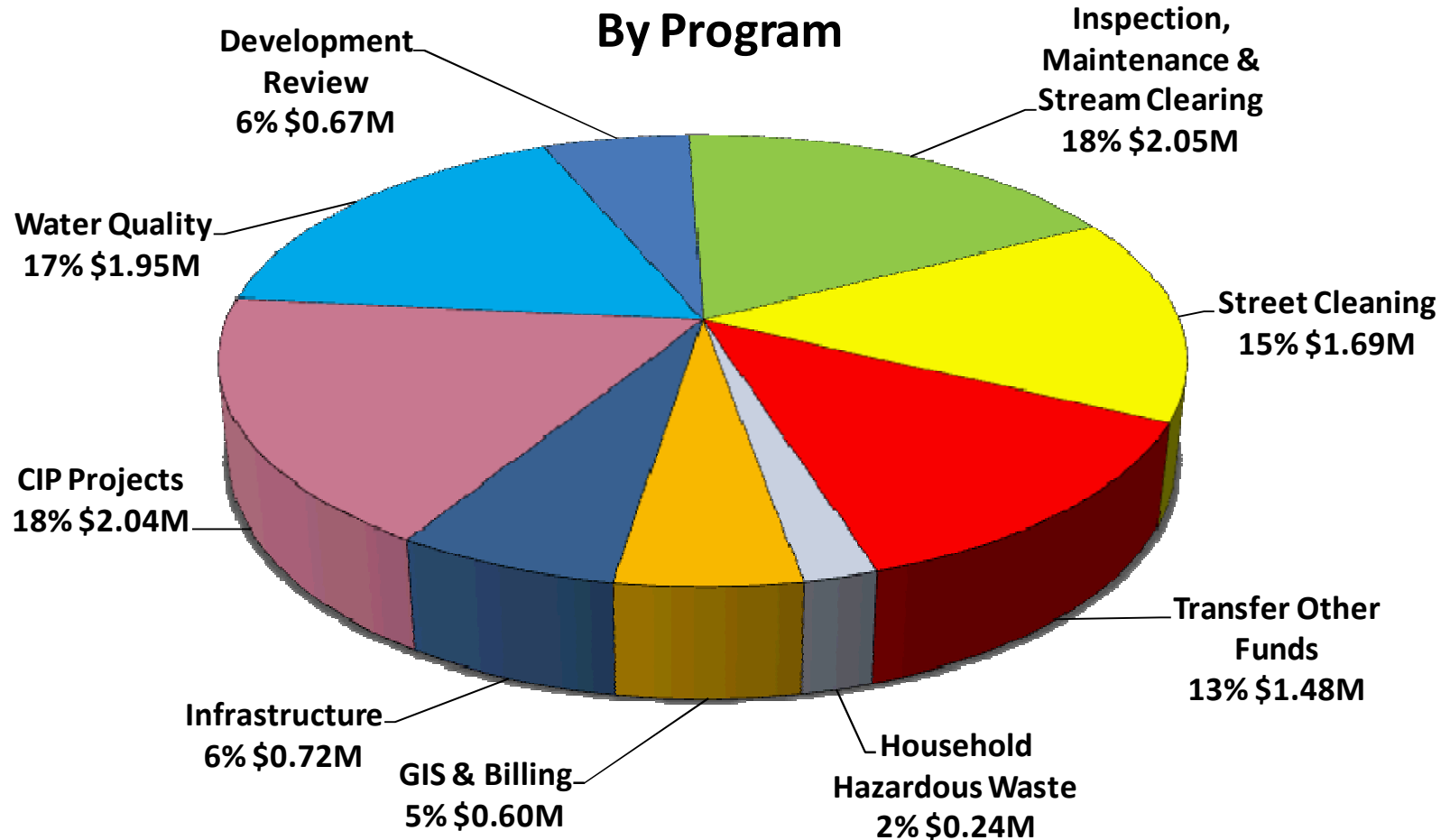


# Stormwater Spending

By Category

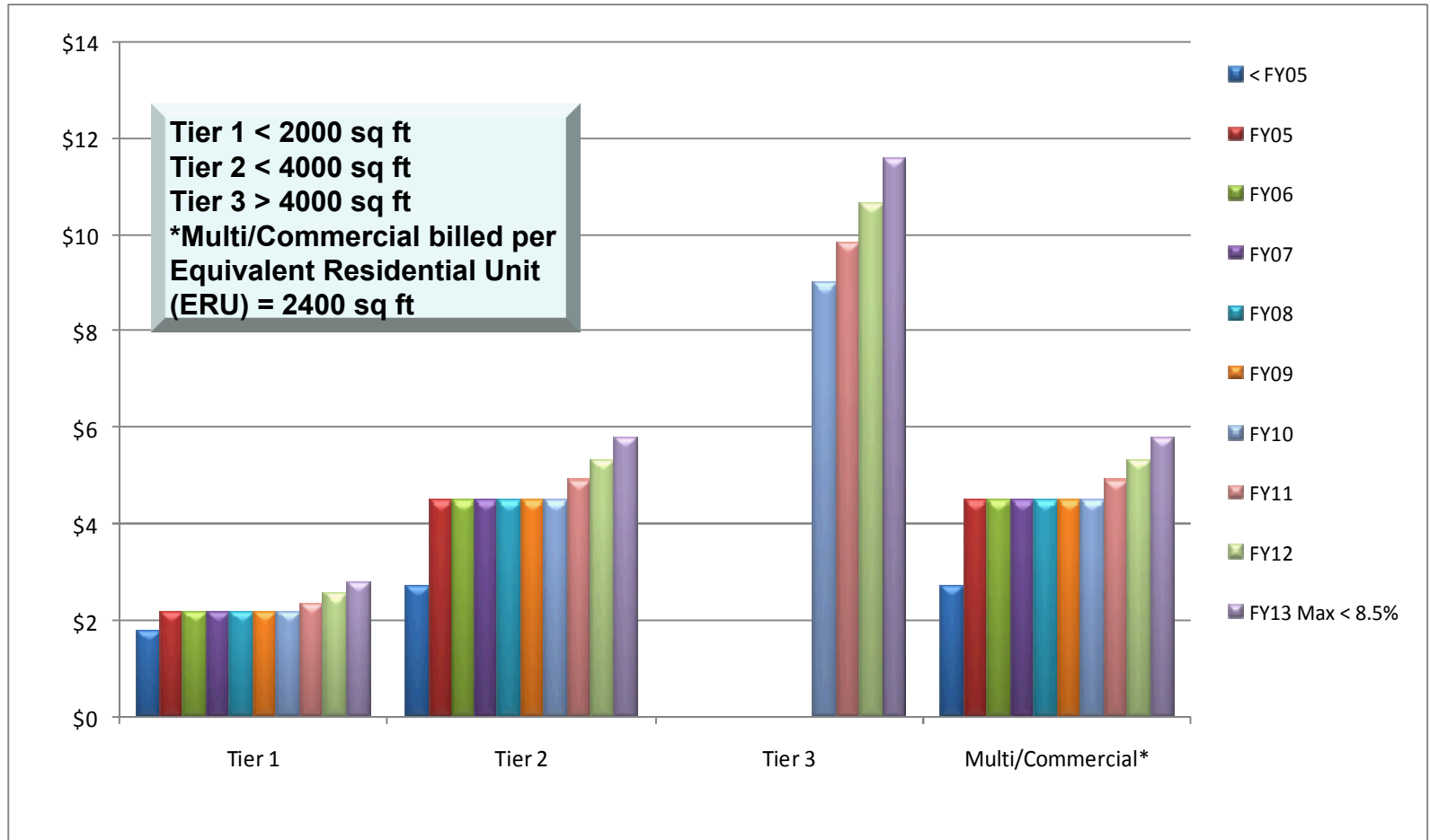


# Stormwater Spending



# Stormwater Rate History

## Monthly Billing \$

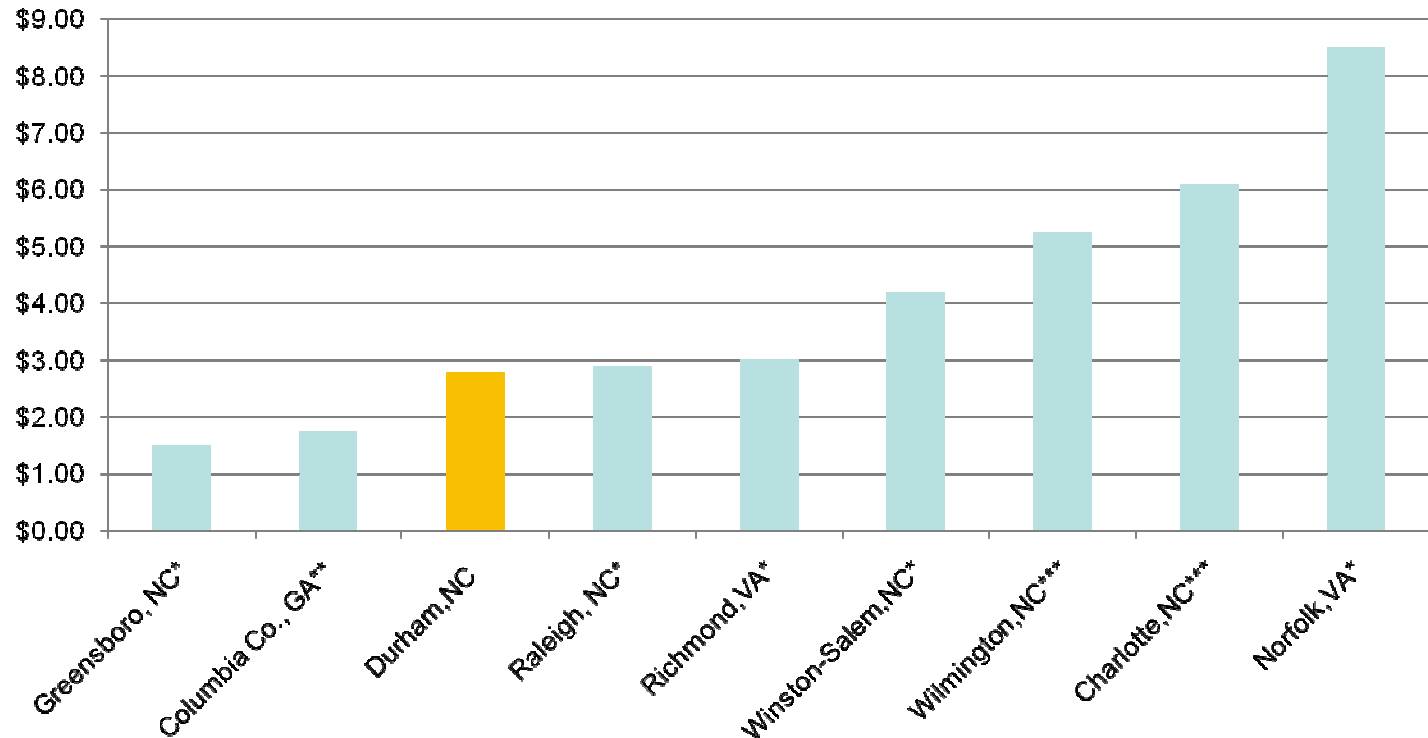




# Monthly Bill Benchmarking

## Tier 1 Residential

### Equivalent Residential Tier 1 < 2,000 sqft Monthly Rate



\* Benchmark Locality \*\* County adjacent to Augusta, GA \*\*\* Added NC Locality

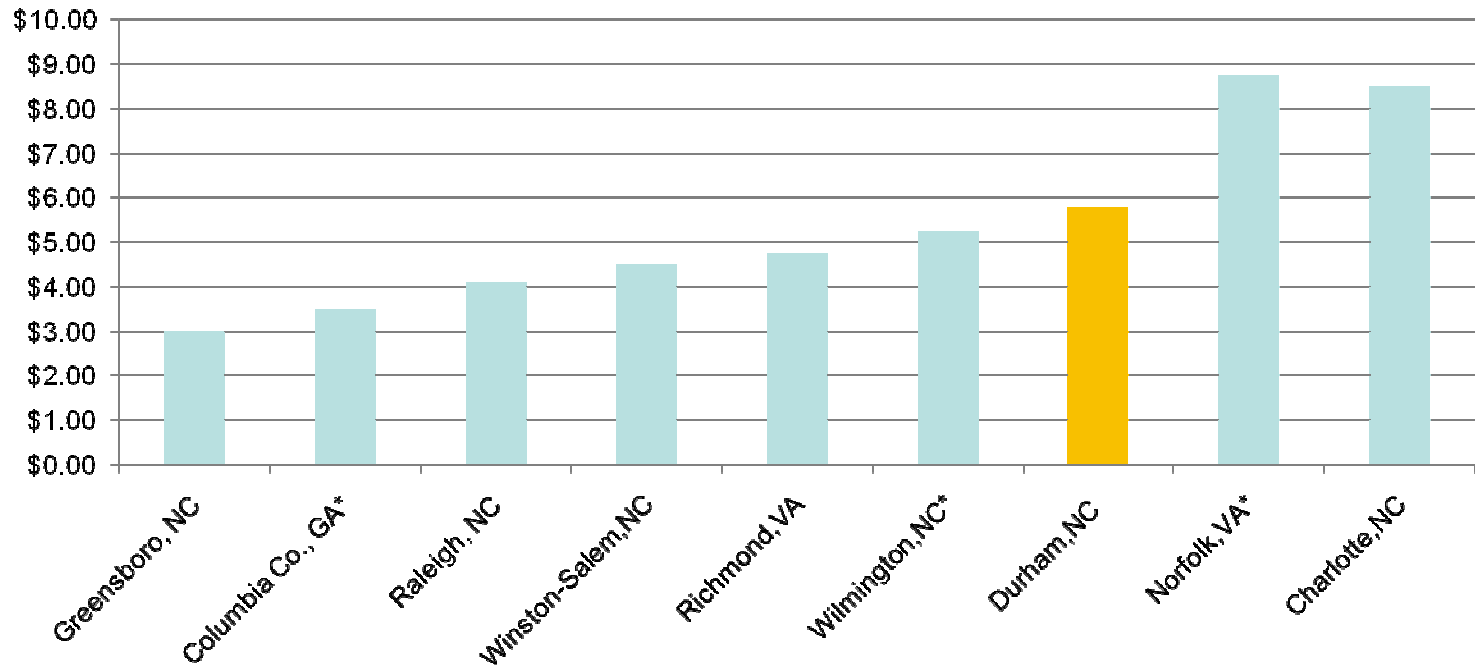
Benchmark cities of Augusta, GA, Baton Rouge, LA, Little Rock, AR, Montgomery, AL and Shreveport LA have no stormwater utility or fees.



# Monthly Bill Benchmarking

## Tier 2 Residential

**Equivalent Residential Tier 2  
 2,000 - 4,000 sqft - Monthly Rate**



**No Tiered Rates \***

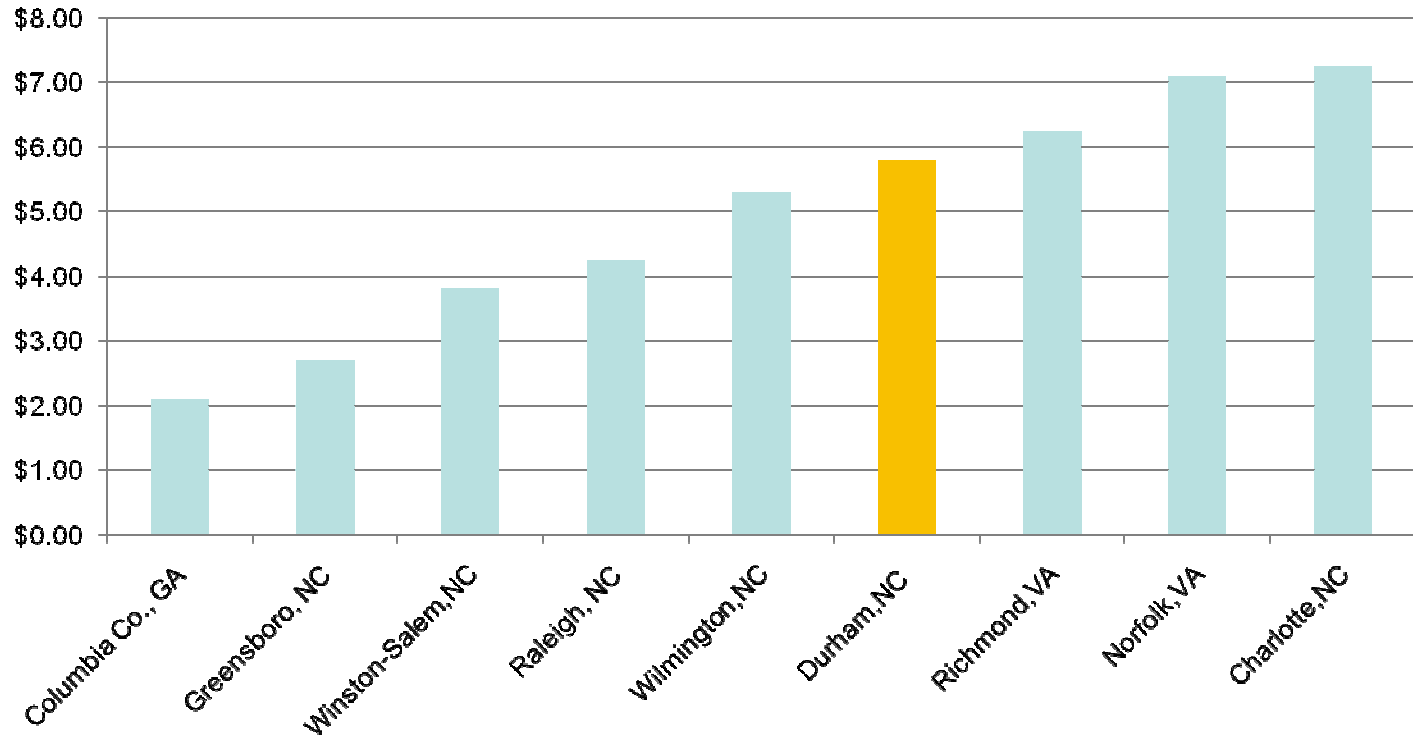
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# Monthly Bill Benchmarking

Multi-Family and Commercial

Multi-Family & Commercial  
per Durham ERU - Monthly Rate



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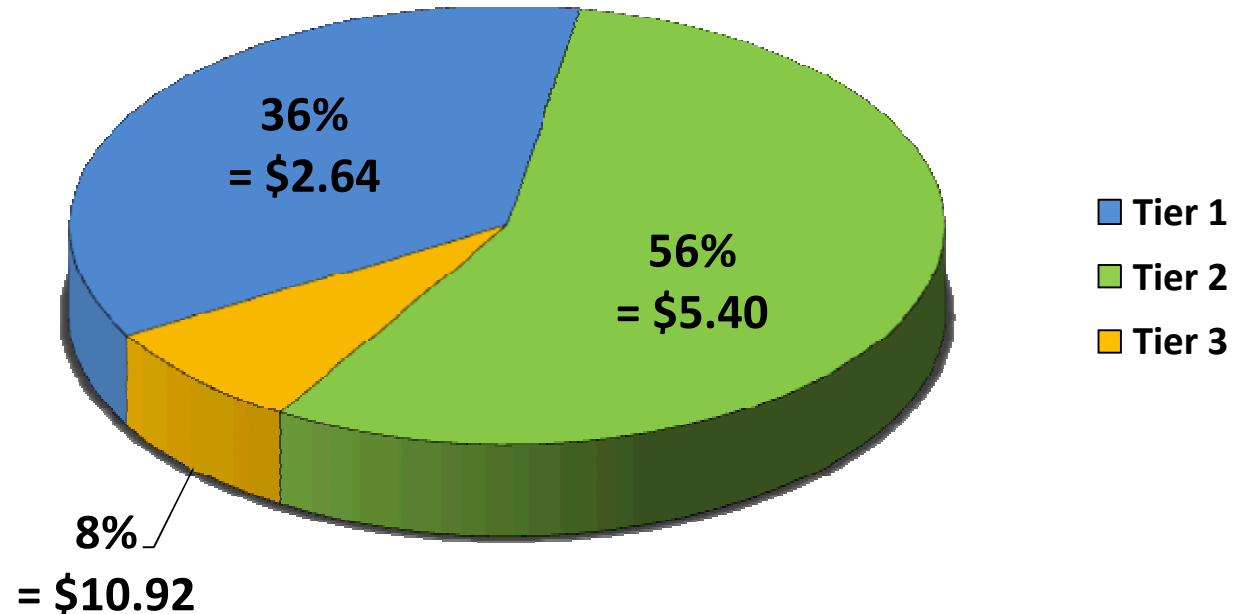


# Rate Setting Objectives

- Customer Affordability
  - ***Rate Increase of 8.5%.***
  - ***Annual rate impact on residential customers ranges from \$2.64 (Tier 1) to \$10.92 (Tier 3).***
- Sustainability of the Utility
  - Address infrastructure and fleet needs.
  - Continue to build account base to level that will support long-term capital debt service needs.
  - Recognize increased personnel services and benefits costs.
- Support for Capital Improvement Program (CIP) costs.

# Annual Residential Bill Impact 8.5% Increase

% Customers by Tier



# Customer Bill Impact

## 8.5% Increase

Tier	Current Monthly Rate	8.5% Increase	Monthly Increase	Annual Increase
1 - Residential	\$2.57	\$2.79	\$0.22	\$2.64
2 - Residential	\$5.34	\$5.79	\$0.45	\$5.40
3 - Residential	\$10.68	\$11.59	\$0.91	\$10.92
Avg. All Non-Residential *	\$96.01	\$104.10	\$8.09	\$97.08

\*Includes ERU based monthly, bimonthly. There is a significant range of actual billing amounts in non-residential bills as they are based on the actual number of ERUs.

Residential bills are annual with customer option for monthly or bimonthly billing.



# Multi-Year Rate Strategy

- Rate model quantifies long-term capital and operational impacts of significant issues such as Falls and Jordan Lake rules.
- Use of revenue bonds will flatten impact of rate increases for significant capital needs.
- Utilization of debt service and annual planned rate increases at or below 8.5% will spread costs and avoid rate-shock and other adverse customer impacts while meeting NPDES permit requirements.
- A range of budgetary impacts related implementing infrastructure needs to address Jordan and Falls Lake rules will remain flexible and will include both Stormwater Fund and Water Sewer Fund solutions.